

## OPEN MEETING

## MEMORANDUM

TO: THE COMMISSION

FROM: Utilities Division

DATE: December 31, 2019

RE: IN THE MATTER OF THE APPLICATION OF TRICO ELECTRIC COOPERATIVE, INC. FOR APPROVAL OF ITS 2020 RENEWABLE ENERGY STANDARD TARIFF IMPLEMENTATION PLAN. (DOCKET NO. E-01461A-19-0145)

## INTRODUCTION

Enclosed are the Commission Staff's memorandum and proposed order for the Matter of the Application of Trico Electric Cooperative, Inc. for Approval of its 2020 Renewable Energy Standard Tariff Implementation Plan (Docket No. E-01461A-19-0145). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission can decide to accept, amend or reject Staff's proposed order.

You may file comments to the recommendation(s) of the proposed order by filing an original and thirteen (13) copies of the comments with the Commission's Docket Control Center at 1200 West Washington Street, Phoenix, Arizona 85007 by 4:00 p.m. on or before **January 10, 2020**.

This matter may be scheduled for Commission deliberation at its Open Meetings scheduled **January 14, 2020**, at 10:00 a.m. and **January 15, 2020**, at 10:00 a.m.

If you have any questions about this matter, please contact Brian K. Bozzo of our Staff at (602) 542-0842, or Elijah Abinah, Director, at (602) 542-6935.

## BACKGROUND

On June 28, 2019, Trico Electric Cooperative, Inc. ("Trico" or "Cooperative") filed its 2020 Renewable Energy Standard and Tariff ("REST") Implementation Plan ("2020 REST Plan") in compliance with Arizona Administrative Code ("A.A.C.") R14-2-1801 through R14-2-1816. Trico's current REST Plan (for 2019) was approved by the Commission in Decision No. 77011 (January 4, 2019).

## REST PLAN

### *Summary of Results*

See the following two tables for Trico's program activities in 2019 and the number of new installations for 2019 (as of July 31, 2019).

Measures Installed	2018	2019 (as of July 31, 2019)
PV Systems	173	237
Generation Meters	182	242
Solar Water Heating Systems	0	0

Measure	2019 Savings (as of July 31, 2019) (MWh) (Annualized total of all installations)
Sun Farm	426.65
Apache (5 MW)	15,333.34
Avion (10 MW)	30,347.63
<b>Residential</b>	
Photovoltaic	36,079.17
Solar Water Heating	572.46
Wind	10.51
<b>Non-Residential</b>	
Photovoltaic	19,670.03
Solar Water Heating	9.44
<b>Total MWh</b>	<b>102,449.23</b>

### *Program Descriptions/Budget Line Items*

The sections below provide descriptions of the existing programs and budget line items in Trico's REST portfolio.

#### The Sun Watts Green Energy Purchase Program

This existing program allows retail customers an opportunity to purchase 50 Kilowatt Hour ("kWh") blocks of "green energy" at the cost of \$2.00 per block. All funds received through green energy purchases are used in support of REST Plan programs, and energy purchases are reflected as a line item on the participating customers retail bills. Trico uses advertising and other promotional activities to encourage participation in the program. The Cooperative markets the Sun Watts Green Energy Purchase Program by providing a link to the program on its website.

Information about the Program is also included in Trico's renewable energy program flyer which is distributed at events throughout the year.

However, there are currently no participants in Trico's Green Energy Purchase Program and there have not been any since 2016. Since the inception of the program in 2007, there have never been more than three participants in the program for any year, regardless of the fact that the Cooperative's advertising and promotional activities were meant to encourage participation in the program. Staff asked if any cost savings would be realized through reductions in advertising or promotional costs, if the program were to be eliminated. Trico responded that there would be little to no savings realized, as the program is advertised on Trico's website at no cost and in pamphlets that the Cooperative distributes at events with minimal cost.

Staff has considered recommending the elimination of the Sun Watts Green Energy Purchase Program, but considering that there would be little or no savings to be realized through its potential elimination, Staff concludes that the program should continue to offer value to Trico customers as an additional "green energy" option. Staff therefore recommends no change to the Sun Watts Green Energy program at this time, with the exception that Trico should monitor the costs of the program to ensure that costs do not rise to the point where the costs outweigh the value provided by the program.

#### The SunWatts Residential and Non-Residential (Commercial) Photovoltaic ("PV") Interconnection Program and Incentives

Trico proposes to continue offering the Residential and Non-Residential (Commercial) PV Interconnection program, in which Trico encourages the installation of qualifying solar PV. Trico also offers incentives for the installation of solar water heating systems and other renewable technologies. Trico has proposed the following incentives as outlined on page 5 of the Cooperative's application:

- PV Systems: Trico proposes to maintain its Up-Front Incentives ("UFIs") and Performance Based Incentives ("PBIs") at their current zero levels for new PV systems.
- PV for Schools Program: Pursuant to Trico's 2019 REST Plan, Decision No. 77011, dated January 4, 2019, Trico was ordered to contact the remaining schools in its territory to determine whether the PV for Schools Program should be reinstated and to report on its results in its next annual REST Implementation plan filing. The Cooperative in the past has contacted school districts in its service territory to identify their desire to install renewable energy systems. To this end, Trico has assisted Marana Unified School District ("MUSD") and Tucson Unified School District ("TUSD") with PV system installations of over 1.3 Mega Watts ("MW") and one MW, respectively. Trico also assisted with the installation of a 346 kW solar system at Continental School. In 2019, Trico worked with MUSD on an installation of a solar system at its new Dove Mountain CSTEM K-8 school, and with Vail Unified School District ("VUSD") on a solar installation. Additionally,

Trico has spoken with the Sahuarita Unified School District ("SUSD") about potential solar options for the school and believes they are in the investigation stages only. There are no current requests for financial assistance regarding installation of solar systems at the Trico service area schools.

Trico has now contacted the schools in its territory and believes that there is no additional assistance needed for the implementation of PV systems at this time. The Cooperative believes costs have reduced to the degree that additional incentives are no longer necessary, and Trico does not believe the PV for Schools Program should currently be reinstated. Staff recommends that Trico's PV for Schools Program should not be reinstated at this time, but the Cooperative should provide an update on the amount of interest in the program and benefits of the program in its next REST Implementation Plan filing.

- Solar Water Heater System: Trico proposes to continue its UFI rebate of \$0.40 per kWh of energy saved during the first year of operation as offered in the 2019 REST Implementation Plan.

#### Generation Metering Program

Trico began installing meters to measure the output of PV generation on all new and existing PV systems in 2014. For 2020, Trico proposes to continue this program as currently offered, where Trico allocates a portion of the budget to installing Trico-owned generation meters on all residential and commercial PV systems. The program costs include the cost of each meter, the labor to install each meter, and the cost of the cell phone service to electronically read each meter. The installation of generation meters provides Trico data to analyze the impacts of the renewable generation. The data also provides customers information regarding system output and efficiency of the PV systems and improves Trico's ability to respond to billing questions related to renewable energy systems.

Expenses for Generation Meters increased from \$43,901 in 2019 to a proposed \$50,301 in 2020. This net increase was due to an increase in the number of solar installation applications and a decrease in the cost of meters. For 2019, Trico budgeted for an average of 10 to 12 new solar installations per month with a meter installation cost of approximately \$363 per meter (which included the cost of the meter and the labor to install the meter). However, with an increase in new solar applications in the first quarter of 2019, Trico estimates an average of 32 to 34 new solar applications per month with a meter installation cost of approximately \$207 per meter. The decreased meter cost is due to Trico replacing its meters with newer and less expensive meter technology. The increase in solar applications combined with the decrease in meter costs resulted in an increase to the Generation Meter budget of \$6,400.

#### Utility Scale Renewable Resources Program

Trico completed a 10 MW solar PV facility (Avion) in December 2018 and is investigating another 10 MW utility scale renewable project (potentially with battery storage) with an

anticipated in-service date in the fourth quarter of 2020. All of Trico's current and anticipated utility scale renewable projects are in the form of purchase power agreements, the cost of which will be recovered through Trico's Wholesale Power Cost Adjustor ("WPCA"). Therefore, Trico requests no additional funds for its Utility Scale Renewable Resources Program in 2020.

#### New Solar Application Management Software

Decision No. 76713 approved Trico's installation of the new Solar Application Management Software ("PowerClerk") to allow customers and/or solar installers to submit applications online. The new software was intended to assist the Cooperative in streamlining the solar application process and to allow customers and solar installers to track the progress of applications online. Decision No. 77011 subsequently required Trico to "report on the performance of the new Solar Application Management Software in its next annual REST Implementation Plan filing." Trico's 2020 REST Plan application, therefore, states that the PowerClerk software was implemented on May 1, 2019, after conducting a meeting with all of the solar installers on record as being interested in participating. It further states that the initial feedback from solar installers has been very positive as the number of calls regarding the status of solar applications and the time spent processing solar applications has been reduced significantly. The annual fee for ongoing maintenance of PowerClerk is approximately \$20,280, and Trico has included this amount in the Administrative Expense portion of the 2020 REST budget. Trico also indicated that it can cancel its subscription at any time.

Staff recommends that Trico provide a subsequent report on the effectiveness of the new PowerClerk software in its next annual REST Implementation Plan application.

#### Administrative Expenses

Total administrative expenses for the REST plan increased from \$226,303 in 2019 to a proposed \$303,759 in 2020. The increase in the budget from 2019 to 2020 is attributable to the increased number of applications received resulting in additional meters and labor needed to administer the program, inspect the new systems and install the meters.

#### *2020 REST Budget*

Trico's 2020 REST Plan includes the same renewable energy programs and initiatives that were approved in the 2019 REST Plan.

**2018 - 2020 Trico REST Budget Table**

	<b>2018 Actual Spending</b>	<b>2019 Budget</b>	<b>2019 (as of July 31, 2019) Actual Spending</b>	<b>Proposed 2020 Budget</b>
Residential/Commercial UFI Program Rebates	\$0	\$0	\$0	\$0
Existing PBI Rebates	\$619,677	\$628,381	\$182,287	\$612,698
Residential Solar Water Heating UFI Rebates	\$0	\$1,212	\$0	\$1,212
Utility Scale Renewable Project	(\$20,171)	\$0	\$0	\$0
<b>Subtotal Distributed Energy Costs</b>	<b>\$599,506</b>	<b>\$629,593</b>	<b>\$182,287</b>	<b>\$613,910</b>
Administrative Expenses	\$263,236	\$226,303	\$154,454	\$303,759
Generation Meter Program	\$115,282	\$ 43,901	\$43,130	\$50,301
<b>Subtotal Other Program Costs</b>	<b>\$378,518</b>	<b>\$270,204</b>	<b>\$197,584</b>	<b>\$354,060</b>
<b>Total Budget/Spending</b>	<b>\$978,024</b>	<b>\$899,797</b>	<b>\$379,871</b>	<b>\$967,970</b>

Trico's proposed 2020 budget is shown in the table above. The Cooperative projects an over-collection budget carryover of \$73,914 for 2020 (as compared to \$580,054 for 2019). See the table below.

**Amount from Surcharge Table**

	<b>2018 Actual Spending</b>	<b>2019 Budget</b>	<b>2019 (as of July 31, 2019) Actual Spending</b>	<b>Proposed 2020 Budget</b>
<b>Total Budget/Spending</b>	<b>\$978,024</b>	<b>\$899,797</b>	<b>\$379,871</b>	<b>\$967,970</b>
Projected (Carryover)/Deficit	(\$351,463)	(\$580,054)	N/A	(\$73,914)
<b>Amount from Surcharge</b>	<b>\$626,561</b>	<b>\$319,743</b>	<b>\$225,148</b>	<b>\$894,056</b>

Although the proposed budget for 2020 is only marginally higher than for 2019, the 2020 surcharge amounts are higher than in 2019. This is because Trico had a much greater amount of carryover dollars (\$580,054) available to apply to the 2019 plan costs than are available in the 2020 plan (\$73,914). Trico estimates the total program budget for the 2020 REST Implementation Plan at \$967,970. After application of the small \$73,914 carryover amount for 2020, Trico's required funds to be collected from the REST surcharge would be reduced to \$894,056. The proposed 2020 rates and caps are similar to those that resulted from the 2018 plan.

### *Surcharge Rates and Caps*

The table below shows: (i) the current surcharge rates and caps for Trico; and (ii) the surcharge rates and caps proposed by the Cooperative for 2020. The average residential customer using 842 kWh per month would see a \$0.99 per month increase in the 2020 Implementation plan surcharge.

<b>Customer Type</b>	<b>Current 2019 Rate (\$/kWh)</b>	<b>Proposed 2020 Rate (\$/kWh)</b>	<b>Current 2019 Maximum (\$/month)</b>	<b>Proposed 2020 Maximum (\$/month)</b>
Residential	\$0.001175	\$0.003043	\$0.65	\$1.64
Non-Residential (less than 3,000 kW)	\$0.001175	\$0.003043	\$30.75	\$77.50
Non-Residential (equal to or greater than 3,000 kW)	\$0.001175	\$0.003043	\$586.25	\$1,472.65
Government and Agricultural	\$0.000216	\$0.000559	\$9.50	\$23.95

### *Customer Class Collections*

The table below indicates the REST funds Trico estimates would be collected from each customer class:

<b>Customer Class</b>	<b>% of Customers Reaching the REST Cap</b>	<b>Estimated Revenue (\$)</b>	<b>Estimated Revenue (%)</b>
<b>Residential</b>	42%	\$ 646,992	72%
<b>Non-Residential (&lt; 3 MW)</b>	67%	\$ 205,000	23%
<b>Non-Residential (≥ 3 MW)</b>	100% (1 customer in this class)	\$17,672	2%
<b>Agricultural &amp; Governmental</b>	55%	\$25,114	3%
<b>Total</b>		\$894,778	100%

### *Flexibility of Funds*

Trico proposes the continuation of the provision that any allocated funds not used in the current plan year be allowed for use in the next plan year (the 2020 plan year in this instance), and proposes that Trico continue to have the ability to move REST dollars between programs. Staff recommends approval of this proposal, but with restrictions as listed below:

- that no more than 15 percent of a program's approved budget be affected by the shift;

- that Trico notify Staff of any plan to shift funds no less than 60 days prior to implementing the shift;
- that, if Staff notifies Trico in writing that it is opposed to a shift in funds, no shift would occur unless Trico first secures a Commission order authorizing the shift; and,
- that, within 60 days following any funds shift, Trico must submit to Staff a revised budget including the shift of funds.

*Residential Prepaid Service ("RPS") Pilot Program REST Surcharge Calculation*

Pursuant to Decision No. 75087 (dated May 19, 2015), the RPS tariff is subject to the REST surcharge on a per kWh basis, but with the use of a daily (rather than monthly) REST surcharge cap. The methodology for calculating the daily REST surcharge cap is as follows: Monthly Residential REST surcharge maximum x 12 months / 365 days, rounded to nearest mill (one-tenth of a penny). The proposed Residential REST surcharge cap is proposed to be \$1.64 per month, meaning that the RPS surcharge maximum calculates as approximately \$0.05 per day ( $\$1.64 \times 12/365 = \$0.0539$ ). Trico is proposing a REST Surcharge Cap for RPS customer of \$0.05 per day.

*Community Solar Project ("SunWatts Sun Farm")*

Trico's SunWatts Sun Farm became operational in June 2011 and consists of 840 ground mounted fixed tilt panels that total 227 kW. The application states that the current program is fully subscribed, but space could come available if a current member declines further participation and subsequently sells their panel output back to Trico. The program would then allow a different member to participate. The program allows customers to participate in one of two ways: (i) a Trico customer may purchase panel output in quarter, half, or whole panel increments, up to their average monthly kWh energy usage in the last 12-month period, and customers who purchase entire or partial panel output will receive credits on their bills equal to the energy generated by their panel(s), in accordance with the Sun Watts Sun Farm Tariff approved under Decision No. 72068; or (ii) a Trico customer may purchase panel output through a monthly solar energy charge. The monthly solar energy charge will remain fixed for a 20-year contract term. A Trico customer can purchase energy output in whole panel increments up to, but not exceeding, their minimum monthly kWh energy usage in the last 12 months, in accordance with the SunWatts Sun Farm monthly tariff approved in Decision No. 75976.

Trico did not use any REST surcharge funds in the construction of SunWatts Sun Farm.

*Compliance Requirements*

Under the REST rules, cooperatives do not have a compliance requirement so, by definition, Trico could not and did not use any Renewable Energy Credits ("RECs") not owned by the utility to comply with the Commission's REST rules in 2018.

Per A.A.C. R14-2-1812, Trico is required to file an annual compliance report. Staff recommends that Trico continue to file its annual REST compliance reports in Docket No. E-00000R-16-0084.

### *Biomass*

On April 11, 2018, Staff met with all of the utilities subject to the REST rules, pursuant to the directive from the Commission vote at the March 13, 2018, Staff Open Meeting in regard to biomass. Trico's 2019 REST Implementation Plan (Decision No 77011, dated January 4, 2019) ordered that the Cooperative provide an update on its biomass investigation process in its next annual REST Implementation Plan. Trico's 2020 REST Plan states, "Trico has participated with other Arizona utilities as they evaluate alternatives for biomass procurement. In conjunction with other Arizona utilities, Trico plans to continue its evaluation of biomass alternatives to determine the feasibility of utilizing biomass to serve a portion of its load."

### **SUMMARY OF STAFF RECOMMENDATIONS**

- Staff recommends that Trico's 2020 REST Implementation Plan be approved, as discussed herein.
- Staff recommends that Trico be permitted to continue to move REST dollars between its various REST programs in order to maintain and maximize successful programs, as herein discussed.
- Staff recommends that Trico maintain its incentives (UFIs and PBIs) at their current zero levels for new PV Systems.
- Staff recommends that Trico continue its UFI rebates of \$0.40 per kWh of energy saved during the first year of operation, for appropriately certified solar water heating systems.
- Staff recommends that Trico continue recovery of lifetime costs of existing PBIs for the full term of the contracts.
- Staff recommends that Trico's REST surcharge rate and monthly dollar caps should be reset as set forth in the table below:

Customer Type	2020 Surcharge Rate (\$/kWh)	2020 Maximum (\$ per month)
Residential	\$0.003043	\$1.64
Non-Residential (less than 3,000 kW)	\$0.003043	\$77.50
Non-Residential (equal to or greater than 3,000 kW)	\$0.003043	\$1,472.65
Government and Agricultural	\$0.000559	\$23.95

- Staff recommends that Trico impose a REST Surcharge Cap for RPS customers of \$0.05 per day under its 2020 REST Plan.
- Staff recommends that Trico shall file, with Docket Control, a revised Schedule RES consistent with the Decision in this case within 15 days of the effective date of the Decision.
- Staff recommends that Trico continue to file its annual REST compliance reports in Docket No. E-00000R-16-0084.
- Staff recommends that Trico provide a subsequent report on the performance of the new PowerClerk in its next annual REST implementation plan filing.
- Staff recommends that Trico's PV for Schools Program should not be reinstated at this time but the Cooperative should provide an update and/or summary of the interest in the program and benefits of the program in its next REST Implementation Plan filing.

*Ranelle Saladino*

for Elijah O. Abinah  
Director  
Utilities Division

EOA:BKB:elr/MAS

ORIGINATOR: Brian K. Bozzo

THE COMMISSION

December 31, 2019


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On this 31st day of December, 2019, the foregoing document was filed with Docket Control as a Utilities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

Michael Patten  
Snell & Wilmer, L.L.P.  
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Phoenix, Arizona 85004

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Director/Chief Counsel, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
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**Consented to Service by Email**

By:

  
Edna Luna-Reza  
Administrative Support Specialist

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 ROBERT "BOB" BURNS

3 Chairman

4 BOYD DUNN

Commissioner

5 SANDRA D. KENNEDY

Commissioner

6 JUSTIN OLSON

Commissioner

7 LEA MÁRQUEZ PETERSON

Commissioner

8 IN THE MATTER OF THE APPLICATION )  
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TARIFF IMPLEMENTATION PLAN. )

DOCKET NO. E-01461A-19-0145

DECISION NO. \_\_\_\_\_

ORDER

12 Open Meeting  
13 January 14 and 15, 2019  
14 Phoenix, Arizona

15 BY THE COMMISSION:

16 FINDINGS OF FACT

17 1. Trico Electric Cooperative, Inc. ("Trico" or "Cooperative") is certificated to provide  
18 electric service as a public service corporation in the State of Arizona.

19 **Background**

20 2. On June 28, 2019, Trico filed its 2020 Renewable Energy Standard and Tariff  
21 ("REST") Implementation Plan ("2020 REST Plan") in compliance with Arizona Administrative  
22 Code ("A.A.C.") R14-2-1801 through R14-2-1816. Trico's current REST Plan (for 2019) was  
23 approved by the Commission in Decision No. 77011 (January 4, 2019).

24 **Rest Plan**

25 *Summary of Results*

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27 of new installations for 2019 (as of July 31, 2019).

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21 filing." Trico's 2020 REST Plan application, therefore, states that the PowerClerk software was  
22 implemented on May 1, 2019, after conducting a meeting with all of the solar installers on record as  
23 being interested in participating. It further states that the initial feedback from solar installers has  
24 been very positive as the number of calls regarding the status of solar applications and the time spent  
25 processing solar applications has been reduced significantly. The annual fee for ongoing  
26 maintenance of PowerClerk is approximately \$20,280, and Trico has included this amount in the  
27 Administrative Expense portion of the 2020 REST budget. Trico also indicated that it can cancel its  
28 subscription at any time.

13. Staff recommends that Trico provide a subsequent report on the effectiveness of the new PowerClerk software in its next annual REST Implementation Plan application.

### Administrative Expenses

14. Total administrative expenses for the REST plan increased from \$226,303 in 2019 to a proposed \$303,759 in 2020. The increase in the budget from 2019 to 2020 is attributable to the increased number of applications received resulting in additional meters and labor needed to administer the program, inspect the new systems and install the meters.

### *2020 REST Budget*

15. Trico's 2020 REST Plan includes the same renewable energy programs and initiatives that were approved in the 2019 REST Plan.

**2018 - 2020 Trico REST Budget Table**

	<b>2018 Actual Spending</b>	<b>2019 Budget</b>	<b>2019 (as of July 31, 2019) Actual Spending</b>	<b>Proposed 2020 Budget</b>
Residential/Commercial UFI Program Rebates	\$0	\$0	\$0	\$0
Existing PBI Rebates	\$619,677	\$628,381	\$182,287	\$612,698
Residential Solar Water Heating UFI Rebates	\$0	\$1,212	\$0	\$1,212
Utility Scale Renewable Project	(\$20,171)	\$0	\$0	\$0
<b>Subtotal Distributed Energy Costs</b>	<b>\$599,506</b>	<b>\$629,593</b>	<b>\$182,287</b>	<b>\$613,910</b>
Administrative Expenses	\$263,236	\$226,303	\$154,454	\$303,759
Generation Meter Program	\$115,282	\$ 43,901	\$43,130	\$50,301
<b>Subtotal Other Program Costs</b>	<b>\$378,518</b>	<b>\$270,204</b>	<b>\$197,584</b>	<b>\$354,060</b>
<b>Total Budget/Spending</b>	<b>\$978,024</b>	<b>\$899,797</b>	<b>\$379,871</b>	<b>\$967,970</b>

16. Trico's proposed 2020 budget is shown in the table above. The Cooperative projects an over-collection budget carryover of \$73,914 for 2020 (as compared to \$580,054 for 2019). See the table below.

...

## Amount from Surcharge Table

	2018 Actual Spending	2019 Budget	2019 (as of July 31, 2019) Actual Spending	Proposed 2020 Budget
<b>Total Budget/Spending</b>	<b>\$978,024</b>	<b>\$899,797</b>	<b>\$379,871</b>	<b>\$967,970</b>
Projected (Carryover)/Deficit	(\$351,463)	(\$580,054)	N/A	(\$73,914)
<b>Amount from Surcharge</b>	<b>\$626,561</b>	<b>\$319,743</b>	<b>\$225,148</b>	<b>\$894,056</b>

17. Although the proposed budget for 2020 is only marginally higher than for 2019, the 2020 surcharge amounts are higher than in 2019. This is because Trico had a much greater amount of carryover dollars (\$580,054) available to apply to the 2019 plan costs than are available in the 2020 plan (\$73,914). Trico estimates the total program budget for the 2020 REST Implementation Plan at \$967,970. After application of the small \$73,914 carryover amount for 2020, Trico's required funds to be collected from the REST surcharge would be reduced to \$894,056. The proposed 2020 rates and caps are similar to those that resulted from the 2018 plan.

*Surcharge Rates and Caps*

18. The table below shows: (i) the current surcharge rates and caps for Trico; and (ii) the surcharge rates and caps proposed by the Cooperative for 2020. The average residential customer using 842 kWh per month would see a \$0.99 per month increase in the 2020 Implementation plan surcharge.

Customer Type	Current 2019 Rate (\$/kWh)	Proposed 2020 Rate (\$/kWh)	Current 2019 Maximum (\$/month)	Proposed 2020 Maximum (\$/month)
Residential	\$0.001175	\$0.003043	\$0.65	\$1.64
Non-Residential (less than 3,000 kW)	\$0.001175	\$0.003043	\$30.75	\$77.50
Non-Residential (equal to or greater than 3,000 kW)	\$0.001175	\$0.003043	\$586.25	\$1,472.65
Government and Agricultural	\$0.000216	\$0.000559	\$9.50	\$23.95

### Customer Class Collections

19. The table below indicates the REST funds Trico estimates would be collected from each customer class:

Customer Class	% of Customers Reaching the REST Cap	Estimated Revenue (\$)	Estimated Revenue (%)
Residential	42%	\$ 646,992	72%
Non-Residential (< 3 MW)	67%	\$ 205,000	23%
Non-Residential (≥ 3 MW)	100% (1 customer in this class)	\$17,672	2%
Agricultural & Governmental	55%	\$25,114	3%
Total		\$894,778	100%

### Flexibility of Funds

20. Trico proposes the continuation of the provision that any allocated funds not used in the current plan year be allowed for use in the next plan year (the 2020 plan year in this instance), and proposes that Trico continue to have the ability to move REST dollars between programs. Staff recommends approval of this proposal, but with restrictions as listed below:

- that no more than 15 percent of a program's approved budget be affected by the shift;
- that Trico notify Staff of any plan to shift funds no less than 60 days prior to implementing the shift;
- that, if Staff notifies Trico in writing that it is opposed to a shift in funds, no shift would occur unless Trico first secures a Commission order authorizing the shift; and,
- that, within 60 days following any funds shift, Trico must submit to Staff a revised budget including the shift of funds.

### Residential Prepaid Service ("RPS") Pilot Program REST Surcharge Calculation

21. Pursuant to Decision No. 75087 (dated May 19, 2015), the RPS tariff is subject to the REST surcharge on a per kWh basis, but with the use of a daily (rather than monthly) REST surcharge cap. The methodology for calculating the daily REST surcharge cap is as follows: Monthly Residential REST surcharge maximum x 12 months / 365 days, rounded to nearest mill (one-tenth of a penny). The proposed Residential REST surcharge cap is proposed to be \$1.64 per

1 month, meaning that the RPS surcharge maximum calculates as approximately \$0.05 per day ( $\$1.64 \times 12/365 = \$0.0539$ ). Trico is proposing a REST Surcharge Cap for RPS customer of \$0.05 per day.

3 *Community Solar Project ("SunWatts Sun Farm")*

4       22. Trico's SunWatts Sun Farm became operational in June 2011 and consists of 840  
5 ground mounted fixed tilt panels that total 227 kW. The application states that the current program  
6 is fully subscribed, but space could come available if a current member declines further participation  
7 and subsequently sells their panel output back to Trico. The program would then allow a different  
8 member to participate. The program allows customers to participate in one of two ways: (i) a Trico  
9 customer may purchase panel output in quarter, half, or whole panel increments, up to their average  
10 monthly kWh energy usage in the last 12-month period, and customers who purchase entire or partial  
11 panel output will receive credits on their bills equal to the energy generated by their panel(s), in  
12 accordance with the Sun Watts Sun Farm Tariff approved under Decision No. 72068; or (ii) a Trico  
13 customer may purchase panel output through a monthly solar energy charge. The monthly solar  
14 energy charge will remain fixed for a 20-year contract term. A Trico customer can purchase energy  
15 output in whole panel increments up to, but not exceeding, their minimum monthly kWh energy  
16 usage in the last 12 months, in accordance with the SunWatts Sun Farm monthly tariff approved in  
17 Decision No. 75976.

18       23. Trico did not use any REST surcharge funds in the construction of SunWatts Sun  
19 Farm.

20 *Compliance Requirements*

21       24. Under the REST rules, cooperatives do not have a compliance requirement so, by  
22 definition, Trico could not and did not use any Renewable Energy Credits ("RECs") not owned by  
23 the utility to comply with the Commission's REST rules in 2018.

24       25. Per A.A.C. R14-2-1812, Trico is required to file an annual compliance report. Staff  
25 recommends that Trico continue to file its annual REST compliance reports in Docket No. E-  
26 00000R-16-0084.

27 *Biomass*

28       26. On April 11, 2018, Staff met with all of the utilities subject to the REST rules,

pursuant to the directive from the Commission vote at the March 13, 2018, Staff Open Meeting in regard to biomass. Trico's 2019 REST Implementation Plan (Decision No 77011, dated January 4, 2019) ordered that the Cooperative provide an update on its biomass investigation process in its next annual REST Implementation Plan. Trico's 2020 REST Plan states, "Trico has participated with other Arizona utilities as they evaluate alternatives for biomass procurement. In conjunction with other Arizona utilities, Trico plans to continue its evaluation of biomass alternatives to determine the feasibility of utilizing biomass to serve a portion of its load."

#### Summary of Staff Recommendations

- Staff recommends that Trico's 2020 REST Implementation Plan be approved, as discussed herein.
- Staff recommends that Trico be permitted to continue to move REST dollars between its various REST programs in order to maintain and maximize successful programs, as herein discussed.
- Staff recommends that Trico maintain its incentives (UFIs and PBIs) at their current zero levels for new PV Systems.
- Staff recommends that Trico continue its UFI rebates of \$0.40 per kWh of energy saved during the first year of operation, for appropriately certified solar water heating systems.
- Staff recommends that Trico continue recovery of lifetime costs of existing PBIs for the full term of the contracts.
- Staff recommends that Trico's REST surcharge rate and monthly dollar caps should be reset as set forth in the table below:

Customer Type	2020 Surcharge Rate (\$/kWh)	2020 Maximum (\$ per month)
Residential	\$0.003043	\$1.64
Non-Residential (less than 3,000 kW)	\$0.003043	77.50
Non-Residential (equal to or greater than 3,000 kW)	\$0.003043	\$1,472.65
Government and Agricultural	\$0.000559	\$23.95

- 1       • Staff recommends that Trico impose a REST Surcharge Cap for RPS customers of  
2       \$0.05 per day under its 2020 REST Plan.
- 3       • Staff recommends that Trico shall file, with Docket Control, a revised Schedule RES  
4       consistent with the Decision in this case within 15 days of the effective date of the  
5       Decision.
- 6       • Staff recommends that Trico continue to file its annual REST compliance reports in  
7       Docket No. E-00000R-16-0084.
- 8       • Staff recommends that Trico provide a subsequent report on the performance of the  
9       new PowerClerk in its next annual REST implementation plan filing.
- 10      • Staff recommends that Trico's PV for Schools Program should not be reinstated at  
11      this time but the Cooperative should provide an update and/or summary of the interest  
12      in the program and benefits of the program in its next REST Implementation Plan  
13      filing.

#### CONCLUSIONS OF LAW

14       1. Trico Electric Cooperative, Inc. is an Arizona public service corporation within the  
15      meaning of Article XV, Section 2, of the Arizona Constitution.

16       2. The Commission has jurisdiction over Trico Electric Cooperative, Inc. and over the  
17      subject matter of the application.

18       3. The Commission, having reviewed the application and Staff's Memorandum dated  
19      December 31, 2019, concludes that it is in the public interest to approve the Trico Electric  
20      Cooperative, Inc. 2019 Renewable Energy Standard and Tariff Plan as discussed.

#### ORDER

21       IT IS THEREFORE ORDERED that Trico Electric Cooperative, Inc.'s 2020 Renewable  
22      Energy Standard and Tariff Implementation Plan be approved, as discussed herein.

23       IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. be permitted to continue  
24      to move REST dollars between its various Renewable Energy Standard and Tariff programs in order  
25      to maintain and maximize successful programs, as herein discussed.

26       IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. maintain its incentives  
27      (Up-Front Incentives and Performance Based Incentives) at their current zero levels for new  
28      Photovoltaic Systems.

IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. continue its Up-Front Incentive rebates of \$0.40 per kWh of energy saved during the first year of operation, for appropriately certified solar water heating systems.

IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. continue recovery of lifetime costs of existing Performance Based Incentives for the full term of the contracts.

IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc.'s Renewable Energy Standard and Tariff surcharge rate and monthly dollar caps are reset as set forth in the table below:

Customer Type	2020 Surcharge Rate (\$/kWh)	2020 Maximum (\$ per month)
Residential	\$0.003043	\$1.64
Non-Residential (less than 3,000 kW)	\$0.003043	\$77.50
Non-Residential (equal to or greater than 3,000 kW)	\$0.003043	\$1,472.65
Government and Agricultural	\$0.000559	\$23.95

IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. impose a Renewable Energy Standard and Tariff Surcharge Cap for Residential Prepaid Service customers of \$0.05 per day under its 2020 Renewable Energy Standard and Tariff Plan.

IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall file, with Docket Control, a revised Schedule RES consistent with the Decision in this case within 15 days of the effective date of the Decision.

IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. continue to file its annual Renewable Energy Standard and Tariff compliance reports in Docket No. E-00000R-16-0084.

IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. provide a subsequent report on the performance of the new Solar Application Management Software in its next annual Renewable Energy Standard and Tariff implementation plan filing.

1 IT IS FURTHER ORDERED that Trico Electric Cooperative's Photovoltaic for Schools  
2 Program shall not be reinstated at this time but the Cooperative shall provide an update and/or  
3 summary of the interest in the program and benefits of the program in its next Renewable Energy  
4 Standard and Tariff Implementation Plan filing.

5 IT IS FURTHER ORDERED that this Decision shall become effective immediately.  
6  
7

8 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**  
9

10 CHAIRMAN BURNS COMMISSIONER DUNN COMMISSIONER KENNEDY  
11  
12

13 COMMISSIONER OLSON COMMISSIONER MÁRQUEZ PETERSON  
14

15 IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,  
16 Executive Director of the Arizona Corporation Commission,  
17 have hereunto, set my hand and caused the official seal of this  
18 Commission to be affixed at the Capitol, in the City of  
19 Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

20 MATTHEW J. NEUBERT  
21 EXECUTIVE DIRECTOR

22 DISSENT: \_\_\_\_\_  
23

24 DISSENT: \_\_\_\_\_  
25

26 EOA:BKB:elr/MAS  
27  
28

1 Trico Electric Cooperative, Inc.  
2 Docket No. E-01461A-19-0145

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